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FISCAL IMPACT STATEMENT

LS 6745

BILL NUMBER: SB 174

NOTE PREPARED: Dec 15, 2004

BILL AMENDED:

SUBJECT: Marion County Small Claims Court Jurisdiction.

FIRST AUTHOR: Sen. Clark

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill increases the jurisdictional limit of the Marion County small claims court from \$6,000 to \$12,000 in actions founded on contract, except for actions founded on a contract to rent or lease real property.

Effective Date: July 1, 2005.

Explanation of State Expenditures:

Explanation of State Revenues: *Revenue Loss to the State General Fund* - This bill would likely reduce the revenue that the state General Fund receives from court fees if certain civil cases which are currently filed in Marion County's courts of record are filed in Marion County small claims courts. Currently, actions to collect debts in excess of \$6,000 are filed as civil plenary actions for a filing fee of \$100. Of this fee, 70%, or \$70, is deposited in the state General Fund if the case is filed in a trial court. Consequently, for every case that is now filed in the Marion County circuit, superior, or municipal courts as a civil plenary case and, instead, would be filed in the Marion County small claims courts, the state General Fund would lose \$70.

Background Information: In 1984, Marion County's small claims jurisdiction was \$2,000. This amount was increased to \$3,000 in 1988 and to \$6,000 in 1990.

Explanation of Local Expenditures: The threshold increase to \$12,000 for debt collection actions will increase the caseload of the Marion County small claims court and reduce the caseload in Marion County's courts of record.

Background: The Marion County small claims court is composed of nine small claims court divisions. The court's jurisdiction is limited to civil cases founded on contract or tort in which the claim does not exceed \$6,000, in actions for possession of property where the value of the property sought to be recovered does not exceed \$6,000, and in possessory actions between landlord and tenant in which the past due rent at the time of filing does not exceed \$6,000. These courts have no jurisdiction in actions seeking injunctive relief or involving partition of real estate; in actions to declare or enforce any lien (with certain exceptions); in actions in which the appointment of a receiver is asked; or in suits for dissolution or annulment of marriage.

Explanation of Local Revenues: *Revenue Loss to Marion County General Fund/Revenue Gain to Township General Funds* – This bill would reduce the amount of court fee revenue that the counties could collect if the threshold is increased to \$12,000. Of the \$100 civil filing fee, the county general fund receives 27%, or \$27, for cases filed in Marion County's courts of record. The other 3%, or \$3, is deposited in the general fund of the cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a circuit, superior, county, or municipal court located in the county. However, the filing fee in the Marion County small claims court is \$36.50 (\$5 plus 45% of the infraction or ordinance violation costs fee which is currently \$70), all of which is deposited into the township general funds. No portion of this fee is deposited into the county general fund.

Consequently, as revenue deposited into the county general fund would likely decline, the revenue deposited into the township general funds would increase.

In CY 2003, 72,516 small claims actions were filed in the Marion County small claims court, and 21,492 civil plenary actions were filed in the Marion County courts of record. No information is available regarding the number of debt collection cases for amounts between \$6,000 and \$12,000, or what portion of the small claims actions are founded on contracts between landlords and tenants.

State Agencies Affected:

Local Agencies Affected: Marion County Courts.

Information Sources: IC 33-37-7 (civil filing fees for courts of record and their distribution); IC 33-34-8-1 (filing fee for Marion County Small Claims Court), IC 33-34-3-1 (jurisdiction of Marion County Small Claims Courts); *2003 Indiana Judicial Report*
http://www.in.gov/judiciary/admin/reports/jud_service/vol2/2003-incoming-cases.pdf.

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